

Modification proposal:	<b>Connection and Use of System Code (CUSC) CMP367: Urgent housekeeping modification as a result of 1 April implementations (CMP367)</b>		
Decision:	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>		
Target audience:	National Grid Electricity System Owner (NGESO), Parties to the CUSC, the CUSC Panel and other interested parties		
Date of publication:	30 March 2021	Implementation date:	1 April 2021

## Background

CMP333 was approved by the Authority on 3 December 2020.<sup>3</sup> It made changes to Section 14 of the CUSC to give effect to the Authority’s decision as part of the Targeted Charging Review<sup>4</sup> that Balancing Services Use of System charges (‘BSUoS Charges’) are to be applied on a gross volumetric basis at the Grid Supply Point (GSP).

CMP360 was approved by the Authority on 25 March 2021.<sup>5</sup> It revised various formulae and definitions contained in Section 14 of the CUSC for the calculation of External and Internal BSUoS Charges for each settlement period.

CMP367 seeks to correct misalignment in Section 14 of the CUSC arising from the implementation of CMP333 and CMP360.

<sup>1</sup> References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> [CMP333: BSUoS – charging Supplier Users on gross demand \(TCR\) \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/cmp333-bsuos-charging-supplier-users-on-gross-demand-tcr/)

<sup>4</sup> [Targeted Charging Review: Decision and Impact Assessment | Ofgem](#)

<sup>5</sup> [CMP360: Aligning Section 14 of the CUSC ‘Balancing Services Use of System Charging Methodology’ to the licence changes introduced by RIIO-2 in respect of the ‘System Operator Revenue Restriction | Ofgem](#)

## **The modification proposal**

CMP367 was raised by the CUSC Code Administrator, National Grid Electricity System Operator ('the Proposer'), on 19 March 2021 and seeks to amend Section 14 of the CUSC to remedy issues with the legal text arising as a result of the overlap of the implementation of CMP333 and CMP360. The Proposal would also amend paragraph numbering to ensure consistency in Section 14.30, where inconsistencies have arisen following implementation of CMP281.<sup>6</sup>

The Proposer requested that CMP367 be treated as an Urgent CUSC Modification Proposal. On 22 March 2021, the CUSC Panel voted unanimously that this modification proposal should be treated as urgent, and proceed directly to the Code Administrator Consultation.

On 23 March 2021, we granted urgent status<sup>7</sup> to this CUSC Modification Proposal because we were satisfied that the progression of this modification proposal related to an imminent issue that if not urgently addressed may lead to a breach of legal requirements.

The Proposer considers this modification proposal to have a positive impact on CUSC Applicable Charging Objectives (a), (b) and (e) on the basis that it reflects previous decisions of the Authority, and to be neutral against the remaining Objectives.<sup>8</sup>

## **CUSC Panel<sup>9</sup> recommendation**

At the CUSC Panel meeting on 26 March 2021, the CUSC Panel recommended that CMP367 would better facilitate the CUSC objectives and the Panel therefore recommended its approval. The CUSC Panel unanimously voted that CMP367 better facilitated CUSC objective (e) as it ensures previous modifications are effectively implemented.

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<sup>6</sup> The Authority's decision on CMP281 was published on 14 May 2020 and has led to misalignment in the paragraph numbering in Section 14 of the CUSC. [CMP281: Removal of BSUoS Charges From Energy Taken From the National Grid System by Storage Facilities | Ofgem](#)

<sup>7</sup> [CUSC modification proposal 367 – decision on urgency \(nationalgrideso.com\)](#)

<sup>8</sup> As defined in as set out in paragraph 5 of Standard Licence Condition C5 of the Electricity Transmission Licence. See: <https://epr.ofgem.gov.uk//Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

<sup>9</sup> The CUSC Panel is established and constituted from time to time pursuant to and in accordance with section 8 of the CUSC.

## Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 26 March 2021. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR<sup>10</sup>. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the CUSC; and
- directing that the modification be made is consistent with our principal objective and statutory duties.<sup>11</sup>

## Reasons for our decision

We consider this modification proposal will better facilitates Applicable Charging Objectives (ACOs) (c) and (e) and has a neutral impact on the other applicable objectives.

***(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;***

The majority of Panel members believed that CMP367 was neutral against ACO (c). Only one Panel member was of the view that the proposal better facilitated this objective as they believed that it facilitates clarity and understanding of the appropriate charges.

## *Our position*

We disagree with the Proposer that this modification will have a neutral impact on this objective. We are of the view that CMP367 will better facilitate developments in transmission licensees' businesses as it ensures the CUSC aligns with previous decisions

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<sup>10</sup> CUSC modification proposals, modification reports and representations can be viewed on NGENSO's website at: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/modifications>

<sup>11</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

in respect of CMPs 281, 333 and 360, and the changes recently made to National Grid Electricity System Operator's Licence.

***(e) promoting efficiency in the implementation and administration of the use of system charging methodology***

The Panel members unanimously agreed that this proposal better facilitated ACO (e). They are of the view that the proposal ensures that previous modifications are implemented effectively and promotes efficiency in the CUSC arrangements.

*Our position*

We agree with the Proposer and Panel members that this modification better facilitates the implementation and administration of the charging methodology as it will ensure that the CUSC will read as intended from 1 April 2021.

More broadly, we are of the view that it falls to the Code Administrator to ensure that legal text for each modification uses a baseline which accurately reflects modifications which we have approved for implementation within the relevant Charging Year. We note that there are, and have been, multiple 'housekeeping' changes such as this CMP367 which seek to correct erroneous or mismatched legal text. We expect that the requirement for such changes will be minimised by the Code Administrator over the course of the next Charging Year, for any modifications which we approve.

**Decision notice**

In accordance with Standard Condition C10 of the Transmission Licence, the Authority hereby directs that modification proposal CMP367: *Urgent housekeeping modification as a result of 1 April implementations* be made.

**Harriet Harmon**

**Head of Electricity Network Charging – Energy Systems Management & Security**

Signed on behalf of the Authority and authorised for that purpose